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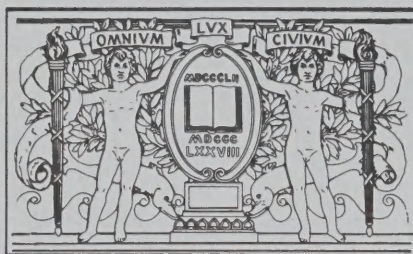
THE CASE FOR PRESERVING AND CREATING  
SINGLE ROOM OCCUPANCY HOUSING IN MASSACHUSETTS

A report by Citizens' Housing and Planning Association  
and the Coalition to Preserve SRO Buildings

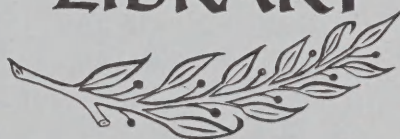
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## EXECUTIVE SUMMARY

Over the past two decades, the number of lodging houses in Massachusetts has sharply declined. In Boston alone, the number of rooms has declined from 35,000 licensed rooms in the 1920's, to 9,500 in 1968, to 2,000 rooms today. Many owners sold their buildings for more profitable uses during the real estate boom of the 1970's and 1980's. The remaining stock of private, for-profit SRO housing is deteriorating and expensive. Boston-area rents of \$85-150 a week make it extremely difficult for low income people to afford this housing.

The picture of single room occupancy housing in Massachusetts, however, is not entirely bleak. Over the past five years, non-profit developers have preserved or created over 500 units of SRO housing, with hundreds more in the pipeline. These non-profit organizations, some of which were created specifically to develop SRO housing, and others that grew out of social service organizations, are now leading the effort to preserve SRO housing as an option for low-income Massachusetts residents.

The State of Massachusetts, as well as the cities of Boston, Cambridge and Northampton, have directed substantial resources toward SRO development. The 18-month moratorium on the destruction, conversion or alteration of lodging houses, enacted in January, 1990, by the Massachusetts legislature, has halted additional removal of SRO units.

This report is a result of the efforts by the Coalition to Preserve SRO Buildings, a group of Massachusetts non-profit single room occupancy housing developers and advocates that has been convened by Citizens Housing and Planning Association (CHAPA) over the past year. The Coalition believes that incorrect assumptions that SROs are housing for transients and that lodging house residents are troubled and need many social services, interfere with lodging house development. This report will provide a clearer picture of SROs and their residents.

Key findings of this study include:

- (1) The high costs of good maintenance and management are the major obstacle to the preservation of the lodging house stock in Massachusetts.
- (2) Private and non-profit owners of SRO housing alike have difficulty obtaining loans and insurance, because of negative stereotypes about SROs.
- (3) Lodging house tenants come from diverse racial, ethnic and occupational backgrounds. Low income is the single common denominator among rooming house tenants.
- (4) Residents of lodging houses are neither transient nor highly troubled. None of the owners surveyed reported that their average tenant stayed less than six months, and nearly three-quarters of



the owners surveyed reported that 5% or less of their tenants had caused problems.

(5) Non-profit housing organizations--ranging from community action agencies to community development corporations (CDCs) to shelter providers--are the leading force in preserving and producing SRO housing in Massachusetts.

(6) The lack of state and federal resources for SRO housing, threatens the ability of both non-profit and for-profit owners to remain actively involved in SRO housing preservation.

The majority of SRO housing in Massachusetts is owned and managed by private, for-profit owners. Some of these owners live in their houses, while others are "absentee" landlords. These owners face numerous problems and special issues that threaten their ongoing incentives and abilities to remain in the lodging house business, including high costs, restrictive governmental regulations, and expensive management.

Private, for-profit SRO's vary widely in quality and price. Some tenants complained of faulty plumbing, insects, and broken stair banisters. One tenant said that each room in his house had been subdivided into three separate rooms. Other owners have put money into rehabilitation and repairs. Prices range from \$40 a week up to \$175 in the Boston area, but weekly rents average around \$100.

The population of rooming houses is a mix of men and women, old and young, working and unemployed, black, white, hispanic and asian. Some rooming house residents have special needs such as mental health and substance abuse problems, while others have no need for social services. Some of the groups served by SROs include: recent immigrants, formerly homeless individuals, people with mental illness, the elderly, and people with AIDS. However, single room occupancy housing is not primarily special needs housing. It is simply a form of affordable housing designed to serve low-income single people, whether or not they also have social service needs.

In Massachusetts and around the country, numerous models of single room occupancy housing have been developed by non-profit providers over the past five years. These new houses serve a range of populations, including the working poor, the elderly, and the formerly homeless. Several of the models encourage communal living and tenant involvement in decisions about new residents and improvements. Hundreds of units in Massachusetts, and thousands across the country, have been preserved by the efforts of these organizations.

In order to encourage further efforts by non-profit and for-profit owners who wish to preserve and create affordable SRO units, we must remove the financial and regulatory obstacles that prevent the development of single room occupancy housing. The Coalition to Preserve Single Room Occupancy Buildings has prepared the following recommendations to guide policymakers, lenders and others interested in working with SRO projects:



**1. Funding.** In order to support current projects and develop new ones, SRO developers need more money from both public and private sources for preservation, development and ongoing management expenses.

**2. Regulations.** To facilitate the development and preservation of SRO units, unnecessary licensing, zoning, special codes, assessments and other regulations should be removed.

**3. Rental Subsidies.** Developers of affordable SRO units need project-based 707 and Section 8 subsidies. Without them, there is no guaranteed income stream to support their budgets.

**4. Municipal Support.** Massachusetts cities and towns should provide a range of supports, including financing and long-term planning, for SRO preservation, development and ongoing management.





## I. INTRODUCTION

Since the mid-1980's, there has been increasing attention to the disappearance of single room occupancy (SRO) housing in Massachusetts and its effect on low income people. Groups traditionally served by SROs include cab drivers, restaurant workers, immigrants, university students, new arrivals to cities, and people on fixed incomes. As Massachusetts faces a severe shortage of low-priced single rooms, many of these residents find themselves without an affordable housing option.

The number of lodging house rooms today represents a small fraction of the SRO units that existed 20 years ago. When lodging houses were at their peak in the 1920's, there were an estimated 35,000 licensed rooms in the city of Boston. By 1968, that number had dwindled to 9,500, and today an estimated 2,000 remain.<sup>1</sup> Other cities have experienced a similar decline of SROs:

- o The city of Cambridge's stock fell from 153 licensed houses in 1970 to 90 buildings in 1980. Today, only 27 houses remain.<sup>2</sup>

- 33. <sup>3</sup> o The city of Lynn had 61 licensed houses in 1973, and now has

- o The town of Brookline had 282 licensed lodging houses in 1945, 71 in 1966, 35 in 1986, and 31 today.<sup>4</sup>

Because lodging houses were often clustered in prime locations, such as Beacon Hill, Back Bay and the South End in Boston, owners were able to sell their properties at high prices during the real estate boom of the late 1970's and 1980's. Former SRO buildings are now

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<sup>1</sup>City of Boston, Commission on Affairs of the Elderly. Rooms for Rent: A Study of Lodging Houses in Boston. 1986, p.4.

OKM Associates, Inc. Final Report: Strategy for the Production and Preservation of Single Room Occupancy Dwellings in Boston. 1989, p.2.

<sup>2</sup>SRO Working Group. The Preservation of Rooming Houses in Massachusetts. 1987, Exhibit A.

City of Cambridge Licensing Board records.

<sup>3</sup>SRO Working Group, Exhibit A.

City of Lynn Licensing Board records.

<sup>4</sup>Achtenberg, Emily and Lisa Sloane. Lodging Houses in Brookline: Opportunities and Strategies for Preservation. 1987, Exhibit 2.

Brookline Board of Selectmen, Licensing Records.

condominiums, luxury apartments, and office buildings. As a result, many single individuals who were rooming house tenants now live in homeless shelters or are doubled up with families and friends. Others pay 70% or more of their income in rent.

Many people continue to live in SROs, but some must share a room with a roommate to help pay the rent. At an average weekly rent of \$85-\$150 in the Boston area, SROs are often too expensive for the poorest individuals, including recipients of General Relief<sup>5</sup>. In addition, some of the available SRO housing on the market does not meet minimum safety and health code requirements even when it is licensed.

The loss of SROs, rising rents, and deteriorating building conditions have contributed significantly to the dramatic increase in the population of single homeless people during the 1980's. Because SRO housing has historically been an inexpensive form of housing, some housing advocates refer to SROs as "the last rung before homelessness." In a recent survey taken at Boston's Pine Street Inn, over one-third of the residents listed a lodging house as their prior residence. Many long-time SRO residents were displaced by the disappearance of thousands of units.

## **New Initiatives**

In response to the loss of SRO units and its impact on low income people, government agencies and non-profit groups alike have responded in an effort to preserve the remaining units and to develop new SRO housing. Some recent examples:

- o After strong lobbying from homeless advocacy groups, the state Legislature in January 1990 passed Massachusetts Chapter 671, a moratorium on SRO housing. Chapter 671 prevents the destruction, conversion or alteration of SRO housing for 18 months.

- o Since 1986, the City of Boston has helped to preserve 351 SRO units, using \$3.5 million in grants and loans to non-profit organizations and private owners. More recently, Mayor Raymond Flynn announced a major campaign to preserve and produce 1,000 units of SRO housing over four years.

- o The Executive Office of Communities and Development has directed housing production resources to SRO housing. Most notably, the Housing Innovations Fund (HIF) has committed \$7.7 million over the past two years for the preservation and creation of 759 units, with 702 reserved for low-income people. As mandated by the SRO moratorium,

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<sup>5</sup> General Relief (GR) is the State of Massachusetts' welfare program that serves mainly single adults. The Department of Public Welfare pays GR recipients \$343 each month if they are privately housed, \$303 per month if they live in subsidized housing, and \$92 each month if they are homeless.



EOCD is conducting a statewide inventory of SRO housing and working with municipalities to develop SRO housing plans.

- o The Cambridge Housing Authority (CHA) has worked with private for-profit owners in that city to place tenants with rental subsidy vouchers into privately owned SROs. The CHA is currently working with the Cambridge YWCA to renovate its 93 units of SRO housing.

- o In 1987, the City of Boston passed a removal permit ordinance, requiring SRO owners to obtain special permits from the city's Rent Equity Board to change the use of or remove a lodging house.

- o In Western Massachusetts, the City of Northampton has set up a separate non-profit SRO corporation. They currently employ a part time social service outreach worker who visits the city's private SROs. Northampton SRO is collaborating with a local community development corporation to rehabilitate an 11-unit SRO that the corporation will eventually own and manage.

- o Several non-profit groups in Massachusetts have become key players in the development of SROs. While some of these groups view SROs as a way to produce and preserve more affordable housing, others seek to provide housing and supportive services to a particular low-income special needs group. Some of these new models of SRO development and management are outlined in section IV.

## **Purpose of this Study**

This report is the result of efforts by a group of Massachusetts non-profit single room occupancy housing developers and advocates that has been meeting at Citizens Housing and Planning Association (CHAPA) over the past year. The Coalition to Preserve Single Room Occupancy Buildings meets regularly to discuss a wide range of issues around SRO development and management in Massachusetts.

Members of the Coalition believe that many misconceptions exist about SRO housing. Assumptions that SROs are populated principally by transient residents, that SRO residents need many supportive services, and that SRO properties are dangerous and crime-ridden, have imposed obstacles for many groups trying to finance developments or find appropriate sites for their projects. The following report will provide a clearer, more accurate picture of single room occupancy housing and the people that it serves.

Research methods included interviews with non-profit housing developers involved with SROs, social service providers, homeless advocates, and city government officials. A survey of private SRO owners was conducted to determine the problems they had as SRO landlords, what kind of management systems they used, and to collect tenant profiles. Interviews with SRO tenants were also conducted to gain information about their experiences in lodging houses and to determine living conditions in private rooming houses.

Because limited resources were available to prepare this report, it is not possible to provide detailed statistical information on the SRO stock or its population. Geographically, the study is limited to Boston, Quincy, Lynn, Cambridge and Brookline, with small amounts of research outside those areas.

### **Key Findings of the Study**

(1) The high costs of good maintenance and management are the major obstacle to the preservation of the lodging house stock in Massachusetts.

(2) Private and non-profit owners of SRO housing alike have difficulty obtaining loans and insurance, because of negative stereotypes about SROs.

(3) Lodging house tenants come from diverse racial, ethnic and occupational backgrounds. Low income is the single common denominator among rooming house tenants.

(4) Residents of lodging houses are neither transient nor highly troubled. None of the owners surveyed reported that their average tenant stayed less than six months, and nearly three-quarters of the owners surveyed reported that 5% or less of their tenants had caused problems.

(5) Non-profit housing organizations--ranging from community action agencies to CDC's to shelter providers--are the leading force in preserving and producing SRO housing in Massachusetts.

(6) The lack of state and federal resources for SRO housing, threatens the ability of both non-profit and for-profit owners to remain involved in SRO housing preservation.

### **Definition of SRO Housing**

Because currently existing SRO housing is very diverse, a single definition is difficult to articulate. For the purpose of this report, however, single room occupancy (SRO) housing includes both single rooms and units with bathrooms and/or kitchenettes, and any variations thereof.

In the Massachusetts SRO moratorium legislation (Chapter 671), an SRO dwelling unit is defined as "the room or group of rooms let to an individual or household and which is used by said individual or household to reside in for longer than fifteen consecutive days. A single room occupancy dwelling unit is a dwelling unit which is not equipped with both individual kitchen and individual bathroom facilities."

The majority of rooms in Massachusetts meet these guidelines, but some exceptions exist, especially with rooms that include both a kitchen and a bathroom. Any definition of SRO housing should take into account these variations.



## II. PRIVATELY OWNED LODGING HOUSES IN MASSACHUSETTS

While non-profit organizations have developed hundreds of SRO units in recent years, the vast majority of SRO housing is owned and managed by private, for-profit owners. To gain a better understanding of key issues facing these private owners, CHAPA conducted a telephone survey of 25 SRO owners in Boston, Brookline, Cambridge, Lynn and Quincy. This chapter presents the main results of this survey as well as interviews with key city officials and SRO tenants. The survey included questions about management style, tenant profiles and problems that the owners had experienced.

While private lodging houses vary widely in price, quality, and management, virtually all of the houses surveyed shared one key characteristic: location. Most SROs have been located in downtowns or near shipyards and factories, with ready access to public transportation, cheap restaurants, and jobs. As one proprietary owner mentioned, "I see them (my tenants) everywhere in the neighborhood. On the street, in the coffee shop, they're everywhere."

Many SROs were, and some still are, run as "Mom and Pop" establishments, in which owners lived in an apartment downstairs and rented out rooms as a source of income and a way to maintain the house. Often these owners served Christmas dinner to their tenants, brought soup to those who were sick, and ran their house in a benevolent style. Some owners, especially those with rent-controlled units in their buildings, tell of tenants who lived in the same room for 30 years and left only when they died. Likewise, tenants speak of positive relationships with owners and managers.

Other owners choose to live off the premises, perhaps hiring a live-in manager to oversee rent-up, daily cleaning, rent collection, and problems with tenants, or sending a representative to take care of rents and vacancies. As reported by lodging house tenants interviewed in a Boston soup kitchen, some "absentee" landlords neglect their properties, and never visit them or make repairs. Legal services lawyers and rooming house tenants can relay countless examples of illegal evictions, substandard conditions, and unresponsive landlords.

### Problems Facing Private Owners

An examination of some of the problems facing private SRO owners helps to explain why so many rooming houses have disappeared and others are in decline. The real estate boom alone cannot be blamed for the sharp reduction in the number of SROs. Most owners complained about increasing costs of maintenance, taxes, insurance, renovation, and required improvements such as sprinkler systems. Others reported difficulties with local governments on licensing and other regulations. Some owners described their difficulties obtaining bank loans or insurance, because insurance agents and bank officers considered SRO properties to be bad risks. Owners of SRO's also face the same problems as other small property-owners, such as problem tenants, evictions, and non-payment of rent.

**1. Costs.** The high cost of maintaining and managing SROs has led many owners to sell their properties and has been a disincentive for the preservation of existing SROs. A generation ago, SROs offered middle class families an affordable way to own their own home while collecting rental income and living in a rooming house. Now, many of these buildings are deteriorating and elderly owners want to leave the rooming house business. Today's higher property values prevent similar middle-income people from purchasing lodging houses to live in with their families and rent rooms.

Most private owners reported breaking even on their property or making a slight profit due to high management and maintenance costs. One longtime owner reported lowering his rents by five to ten dollars a week over the past year because of the softening market. A small number of owners said they are making significant profits from their buildings, but at least one of those owners makes a portion of his profits from illegal lodging houses, where he has carved up apartments and rented them room by room.

New regulations such as sprinkler laws, which vary from city to city, also place a tremendous financial burden on lodging house owners. The cost of installing a sprinkler system is as much as \$30,000 to \$50,000. Small SRO owners who wish to rehabilitate their houses have never had the same access to housing subsidies or rental rehabilitation money as non-profit developers, and little or no Chapter 707 and Section 8 Moderate Rehabilitation funds are currently available for such projects.

**2. Government Regulation.** While rules vary across cities, several categories of government regulation plague rooming house owners. Licensing, zoning, special codes, assessing, parking requirements, and regulations of removal and conversion single out lodging houses from other rental housing.

**o Licensing.** Because single room occupancy housing has traditionally been viewed as hotels for transients rather than as permanent housing, the lodging house is the only form of rental housing that needs a license to operate. While regulations vary locally, all of the cities and towns surveyed for this report do require licensing.

Many owners and providers believe that licenses are troublesome and unnecessary. In the city of Boston, the license is supposed to mandate an annual inspection. Inspections do not always occur, nor are they a guarantee of quality, since Boston enforces building codes but not health codes. The licensing process in Boston may also involve a local hearing, exposing a house to potential neighborhood opposition.

**o Zoning.** The issue of treating lodging houses as hotels rather than as housing also affects zoning. In many cities, lodging houses are only permitted in commercial areas, not in multi-family districts. This is one reason that rooming houses tend to be located in downtown areas. The need to obtain special variances for rooming houses can expose owners and developers to additional community opposition when they are trying to open a new house.



**o Special Codes.** While fire departments and building inspectors often have legitimate concerns about safety in lodging houses, there is no indication that lodging houses are less safe than other forms of rental housing. Code requirements can present financial obstacles for lodging house owners.

Owners in more than one city complained about sprinkler ordinances as an unreasonable expense; sprinkler systems cost \$30,000-50,000 to install. Massachusetts currently allows cities and municipalities to pass sprinkler ordinances at their discretion. As more cities pass sprinkler requirements, increasing numbers of owners will find themselves unable to stay in the lodging house business.

As with licensing and zoning, special safety codes can discourage lodging houses from operating. All of the owners interviewed in Lynn reported that the City had taken them and other lodging house owners to court over sprinkler installation, even though some of them had already begun the process of installing the sprinklers. If communities continue to require sprinklers without providing the resources to help owners comply with these ordinances, the financial burden imposed on lodging house owners will endanger current lodging houses and discourage new owners from getting involved in the lodging house business.

**o Assessment.** Another issue raised by the treatment of SRO's as hotels rather than residences is the issue of assessment. Lodging houses are often taxed at high commercial rates, rather than at residential rates based upon net income or market value.

**o Parking requirements.** Parking requirements do not reflect the fact that few lodging house residents can afford to own cars. In Boston, SROs must provide .9 parking spaces per unit of housing, and the City of Quincy requires one parking space for each unit. Developers report that variances are not difficult to obtain, but that the process is time consuming.

**o Regulation of removal and conversion.** Laws in the City of Boston in Massachusetts restrict the removal and conversion of lodging houses. In response to the conversion of hundreds of rental housing units into condominium units during the 1980's, the City of Boston in 1987 passed a law requiring that any owner who wishes to remove a property from use as a lodging house must obtain a special permit from the Rent Equity Board. As of January, 1990, the State of Massachusetts declared a moratorium on the alteration, destruction or conversion of SRO properties.

These regulations and restrictions illustrate the tension between ensuring the safety and quality of SRO buildings, and trying to prevent owners from selling because they cannot make profits from their properties.

**3. Management.** Good management is crucial to the success of an SRO project. Because of their common quarters and weekly rent collection, SROs require more intense management services than ordinary apartment

buildings. One non-profit active in SRO preservation suggested that managers needed to define their resident populations and identify the best way to deal with them.

Almost uniformly, the private owners surveyed mentioned management as a source of great trouble and expense. A resident owner or manager appears to lower the incidence of problems with tenants. Only three SROs surveyed did not have a resident owner or manager, and two of those three reported that 25% and 33% of their tenants, respectively, had caused problems. Most of the other owners reported that less than 5% of their tenants had caused problems.

Although some owners put relatively little effort into maintenance work, most of the private owners said that either they or their managers were at the buildings daily if they did not live on the premises. While very few owners reported widespread drug and alcohol abuse among their tenants, most said that they had to confront tenants with substance abuse problems at some point in their career. Finally, for elderly owners, even those with years of experience with SROs, management can become an overwhelming burden.

### **Characteristics of Private SROs**

**1. Quality.** The quality of private licensed lodging houses in Massachusetts ranges from good to below standard. One large property owner in a city near Boston owns and manages buildings with a variety of rent and quality levels. In one of his buildings, an 11-unit SRO for women only, carpeting on the floors, two kitchens and a sprinkler system make the house a safe and comfortable place to live, although cramped and poorly-lit. One elderly lady who has lived there for ten years said, "When you call the city [looking for housing], they recommend this house as the best house. I feel very secure here." Rents range from \$80 to \$100 per week, although the owner has never raised his ten-year resident's rent above \$40 a week.

The same owner runs a second house that used to be a residence for workers in a local industry. This house featured a buckling front porch and filthy kitchen. Rents were \$75-80 per week. "We don't brag about places like this, but there's a need," said the owner. "There are people who just want bare bones accommodations." He explained that the tenants in this house included many alcoholics, a rougher, younger crowd than in his other houses, and that he had to hire a physically strong manager for this house, rather than a manager who would concentrate on maintenance. One of his co-owners reported that his lodging house tenants had a lot of "social problems," including drugs, drinking and broken homes, but that most had steady jobs or were retired.

Several lodging house tenants surveyed in a Boston soup kitchen reported unsafe conditions and code violations in their houses:

- o One Beacon Hill tenant, an unemployed carpenter who pays \$140 a week in rent, said that the rooming house in which he lives has leaky plumbing, insects, and a loose stair banister that hindered elderly



residents trying to climb the stairs. The tenant said that an elderly resident nearly died because he had sprayed bug spray into his refrigerator after the owners had failed to exterminate the tenants' rooms. He believes that ownership has changed hands several times, and he reports that the building inspector recently suggested that he and the other tenants not pay their rents until the landlord makes the necessary repairs.

o An unemployed Brookline rooming house tenant reported paying \$61.46 a week for a room that had been divided into three parts and rented as three separate rooms. He and a roommate share one of these rooms. The lodging house has a leaky roof and faulty plumbing. His previous residence was a rooming house in North Cambridge, from which he believes he was illegally evicted. This tenant would like to move to an apartment so that his three small children, who live in Lynn, can visit him.

o A former resident of a rooming house in Lynn is suing her landlord for illegal eviction, harassment, and for the return of her security deposit. She reported that the landlord and his property manager withheld her and other tenants' mail, ordered them out of their rooms in the middle of the night, and threatened them with physical harm if they did not leave. This former resident now lives in a shelter.

These tenants illustrate a significant portion of the rooming house population: people of very limited economic means who have little choice about where they live. If their rooming house has substandard conditions, they cannot move elsewhere. High-priced rooms are beyond their reach, and low-priced rooms in good condition usually have low turnover rates. With few rooms available, most owners report no shortage of potential tenants.

**2. Owner-occupied houses.** Owner-occupied rooming houses are generally more stable and trouble-free than those run by non-resident owners. Most of these owners are elderly men and women, and many would like to leave the rooming house business.

In a 4-unit rooming house in Cambridge, the elderly woman who runs the house has owned and lived in it for 42 years. She charges each tenant \$40 per week, "just enough to meet my expenses," and sometimes the tenants chip in extra for utilities. She visits the rooms each day to clean them and bring fresh linens.

"If they were sick, I'd cook for them," she said. "I treat them like my own family." Her tenants include a carpenter, a student and a restaurant worker. This owner mentioned two tenants who spent most of their lives in her house, one who resided there from 1913 until 1970, and one from 1919 through 1973. She rarely has turnover, but when she does, her tenants often recommend someone to fill the vacancy.

This owner reports that she never has problems with her tenants. "I don't charge big money," she says, "and they don't walk all over me." They respect her rules, which include no cooking, no women, and



no drunkenness. While the rooming house is a lot of work, she likes it because it keeps her busy. She reports that of the ten small rooming houses that used to be on her street, several owners had died and others had sold their property to MIT. Only two of these houses, including hers, remain on the street today.

The other owner-occupied houses surveyed are also mainly run by elderly women who have owned the houses for most of their adult lives, who charge below market rate rents, and whose tenants tend to stay for a long time. These women reported cooperative relationships with their tenants, who often help them to carry bundles, change light bulbs, and other chores. "They love me," said one Boston landlady. "They'll do anything for me."

**3. Price.** Except for rent-controlled units, much of the remaining stock of licensed lodging house rooms is not affordable for General Relief recipients or people with low-paying jobs. Rooms that were as low as \$20 per week in the early 1970's now cost \$80 or \$100 a week, and rooms with kitchens can cost as much as \$125 or \$150 for a week's rent. Most landlords also require a security deposit and last week's rent, so a tenant often must produce \$300 or more in order to get a room.

**4. Unlicensed lodging houses.** The issue of licensing is a controversial one, and some SRO owners and providers are opposed to licensing. No other form of rental housing requires a license to operate, and providers report a high volume of paperwork and time required to obtain a license. Conditions in some licensed houses indicate that licensing is no guarantee of quality. However, city officials and SRO owners believe that the unlicensed rooms are especially poor in quality.

In Boston, the Inspectional Services Department estimates that there are between 3,000 and 5,000 units of unlicensed SROs in the city, as much as double the number of licensed units currently on record. An owner in Quincy estimates that for every ten licensed units there are two unlicensed. In Cambridge, an owner of two lodging houses who has been involved with SROs for 15 years, estimates that there are 15 to 20 unlicensed houses, or between one-third and one-half of the total houses.

While licensing does not ensure quality, Boston's Inspectional Services Department reports that most of the unlicensed houses are in poor condition. Many of them are six-family apartment buildings that owners have rented by the room. One owner with property throughout Roxbury, Dorchester and Mattapan averaged between \$70,000 and \$80,000 a year in income for each house, and paid no taxes. Often entire families rent a single room; the going rate for an unlicensed room in Boston is \$100 per week, although some are as low as \$40 and others reach \$140 for a week's rent.

The Inspectional Services Department used to spend a lot of time investigating illegal lodging houses, but recently they have slowed down because of the increasing volume of unlicensed houses and because the tenants displaced when a house is shut down have no place to go.

### **Concluding Remarks**

The declining number of SROs, the worsening condition of the existing stock of private lodging houses, and the high prices of rooms illustrate that there is simply not adequate SRO housing available on the private market for all who want to live there.

In Quincy, for example, a woman who works at the Rent Grievance Board and often places tenants into rooming houses says that because of the downturn in the economy, fewer people will be able to afford apartment rents. Over the next year, she predicts that Quincy's demand for rooms will far outstrip its supply. Even now, according to a housing counselor at Quincy's Community Action Agency, there are almost no rooms in which she can place clients on fixed incomes.

A housing advocate at a Lynn soup kitchen says that even if conditions in Lynn's rooming houses were safe enough for her to place tenants there, her clients cannot afford \$75-\$95 a week in rent. Without more decent, affordable SROs in Massachusetts, increasing numbers of low-income single people will find themselves without a viable housing option.

### III. THE ROOMING HOUSE POPULATION

Part of the difficulty of assessing the need for SROs is that potential rooming house tenants are a difficult population to count. Because rooming houses serve a wide variety of populations, including many "invisible homeless" who live doubled up with friends and relatives or who share a room in a lodging house, a complete and accurate count is not possible.

The recent trend to develop SROs for such special needs groups as people with mental illness, the elderly, the homeless and persons with AIDS, may mask the most crucial fact about SRO housing: SRO housing is above everything else affordable housing. In Massachusetts, there is a severe need for affordable single rooms, for people with and people without special needs. As with any other form of housing, case management and other supportive services can be combined with single room occupancy housing; SRO housing simply represents one choice on the affordable housing spectrum. For someone who does not want or cannot manage the responsibility of a full apartment, SRO housing is an ideal option and a permanent housing choice.

**Employed People with Low Incomes.** SROs have traditionally served working poor people. Cab drivers, hotel and restaurant workers, domestics, day laborers, and other single workers whose salaries do not allow them to pay apartment rents, are still a prime population for single room occupancy housing. Except in the lowest-priced private SROs, where many tenants are on fixed incomes, owners report that many or most of their tenants are employed. According to the Massachusetts Coalition for the Homeless, 25% of the homeless people in the state have jobs. While not all of these people would necessarily live in an SRO, this number illustrates that even working people in Massachusetts cannot find adequate affordable housing.

**People on Fixed Incomes.** For single people on a fixed income who cannot afford to rent an apartment, SROs represent their only other housing option. For Supplemental Security Income recipients, who receive approximately \$500 each month, a room for \$80 or \$90 a week consumes as much as 70% of their income. SRO owners with rent-controlled rooms report that tenants in those rooms tend to stay there until they die, and that many of their rent control tenants are elderly people living on fixed incomes.

For General Relief recipients, market-rate rents price them out of the housing market entirely. Massachusetts residents on General Relief receive \$343 each month if they are privately housed. Emergency Relief (ER) funds are available once a year to pay a security deposit and first month's rent, but General Relief recipients find it impossible to continue subsequent payments that are over 90% of their incomes.

A housing advocate at a soup kitchen in Lynn described one landlord who periodically accepts tenants on General Relief, receives their ER payments, and routinely evicts them within thirty days of signing the lease. An SRO owner in Lynn gives General Relief tenants a "break," charging them \$340 a month rather than the usual rate of \$387



or more. To ensure payment, some of his tenants are on "protected rent," in which he has the Welfare Department send him the tenant's monthly relief check directly, and the tenant receives a check for \$1.71 biweekly. He says he does this because tenants who promise to turn over their checks to him usually fail to do so.

A Boston SRO manager no longer rents rooms to General Relief recipients because he knows that he will have to evict them for nonpayment of rent, and he finds the process too painful. Finally, the Massachusetts Coalition for the Homeless reports that 18% of the state's General Relief recipients are living in shelters.

**Immigrants.** Recent immigrants to the United States have also looked to SROs as an affordable, furnished place to live. In Chinatown, the manager of a 20-unit SRO at the South Cove YMCA estimates that there are currently several hundred single male immigrants from Southeast Asia who are living doubled up with families and friends. Many of them work in Chinatown's restaurants and need to live close to their jobs. He reports that the local restaurants used to drive their employees home after work, but have stopped providing this service because they are afraid of going to neighborhoods like the South End, where many employees had rooms. He has had to turn away at least 50 people seeking a room during the past five years.

**Homeless People.** Another major group served by SROs is the single homeless population. While most homeless people in Massachusetts are families, a significant number of the single homeless have lived in lodging houses. A survey taken at Boston's 730-bed Pine Street Inn, which houses men, revealed that one-third of the shelter's guests listed a lodging house as their most recent address. The former Community Relations Director of the Pine Street Inn believes that all of his guests could potentially live in an SRO, although 50% of them would require mental health services and all of them would need at least minimal support to help them through the transition out of homelessness.

Pine Street's subsidiary development corporation, the Paul Sullivan Trust, runs eleven SROs in Brookline and Boston for formerly homeless people, including two for people with mental illness. While the Trust's experience has been that formerly homeless tenants need a lot of services to make the transition from homelessness to permanent housing, a statewide homeless advocate points out that shelter providers see homeless people at a particularly stressful period in their lives and that their clients are often higher-functioning than they can be in the shelter.

**People with Mental Illness.** Shelter providers at the Pine Street Inn and at Boston's Long Island Shelter, which houses over 600 single men, estimate that 50% of their guests need some mental health services. The Alliance for the Mentally Ill reports that more mentally ill people entered the Pine Street Inn in 1989 than all of the state hospitals combined. These numbers illustrate the extent of the need for housing for the single people with mental illness, the majority of whom,

according to the director of the Alliance, would be able to function in an SRO.

During the process of deinstitutionalization during the late 1960's and early 1970's, when the state mental hospital population declined by 90%, many former patients were "dumped" into SROs where conditions were usually below standard. The Alliance now supports the development of a "new generation of SROs," noting that the consumer movement of people with mental illness particularly supports the development of more integrated housing rather than SRO or other houses exclusively for mentally ill people. A housing specialist for the Department of Mental Health pointed out, however, that SRO housing is simply a form of affordable housing with which services could be combined, rather than a solution to the problem of housing for people with mental illness.

The Department of Mental Health (DMH) in Boston and elsewhere in Massachusetts has already used SRO housing for housing placements. Private owners in Boston and Lynn reported that DMH had leased units from them to house its clients, a relationship that they liked because it guaranteed the owners a steady stream of income and because the DMH assumed responsibility for its tenants. One SRO manager who leases rooms to the Department of Mental Health explained, "If somebody is ill they're right on the spot. [The tenants] see their therapists regularly. Most have caseworkers, and I very seldom have a problem."

In the Paul Sullivan Trust's two houses for people with mental illness, DMH provides on-site caseworkers as well as funding for group activities, but tenants must be able to care for themselves. All of the formerly homeless people with mentally illness in their house on Park Street hold jobs.

**The Elderly.** For the elderly, lodging houses also offer one affordable housing option. A housing specialist from Area II HomeCare estimates that 10% to 15% of the homeless population is elderly, and of these, at least one-quarter lived in an SRO prior to being homeless. He believes, however, that many elders who are homeless or at-risk of homelessness are "marginal" and therefore difficult to count. One third of the owners surveyed reported that 25% or more of their tenants were over age 60. This is especially the case in rent-controlled or cheaper houses.

The chief non-profit provider of SROs for the elderly is Boston Aging Concerns - Young and Old United, which owns four houses in Boston's Back Bay, South End and Fenway neighborhoods. BAC-YOU reserves 50% of its rooms for persons over age 55, and requires that its tenants be able to care for themselves, including cooking and shopping.

**People with AIDS.** During the 1980's, the AIDS epidemic in Massachusetts has created a new category of demand for SRO housing. There are now approximately 650 persons with AIDS or AIDS-related complex in Boston, and 1500 throughout the state, but the number of persons with AIDS in Boston is expected to jump to 820 next year. A

former housing coordinator for AIDS Action Committee of Boston estimates that approximately one-third of people with AIDS are in need of housing and are able to live on their own. Twenty five percent of AIDS Action's clients are homeless or at-risk of homelessness. The housing specialist points out that his clientele represents the higher-income sector of the AIDS population, and many of them do not wish to live in SROs.

Another AIDS worker pointed out that most lodging houses have stairs rather than elevators and are therefore unsuitable for his clients who are often too weak to climb stairs. In Boston, AIDS Action has placed some of its clients into private SRO rooms, providing them with rent subsidies, homemaking services and counseling. The group is currently collaborating with the Boston Citywide Land Trust, the Department of Mental Health, and five community development corporations on over 100 SRO units, with 25% of the units set aside for people with AIDS.

Because it can provide a balance between independent and communal or supervised living, single room occupancy housing is a useful model to house a wide variety of special populations. SRO housing is not, however, the same as special needs housing. Regardless of their other needs, residents of SROs share one common characteristic: the need for a safe, affordable place to live.



#### **IV. NEW MODELS OF SINGLE ROOM OCCUPANCY HOUSING**

Since the mid-1980's, increasing numbers of affordable housing groups have developed SRO housing, including several organizations that have evolved in order to develop single room occupancy housing. Because access to subsidies and other sources of funding is necessary to develop SRO housing, affordable housing developers are much more likely to take on SRO preservation projects than are small private owners. Some of the most active groups, including the Paul Sullivan Trust and Boston Aging Concerns - Young and Old United, began and social service providers and became housing developers in response to their clients' housing needs. While for-profit owners still own the majority of SRO units in Massachusetts, these new programs illustrate the dramatic change in single room occupancy housing over the past five years.

In Boston, approximately 300 units of permanently affordable SRO housing now exist, with more than 700 planned or under construction. The Cambridge Housing Authority has begun rehabilitation work on the 93-unit Cambridge YWCA lodging house. Since 1987, the Framingham-based South Middlesex Opportunity Council has created or preserved 223 units of affordable SRO housing in 11 buildings in Natick, Framingham, Marlboro and Hudson. Elsewhere in the country, particularly on the West Coast, non-profit groups have rehabilitated large residential hotels and preserved thousands of units of affordable SRO housing. The following programs are some of the new models that SRO providers have developed for the operation and management of their lodging houses.

##### **Boston Aging Concerns - Young and Old United, Boston.**

Boston Aging Concerns - Young and Old United (BAC-YOU) is a non-profit organization that serves the housing needs of low-income elderly persons, with more than 80 existing units of affordable housing in the Back Bay, South End and Fenway sections of Boston, and over 45 more units in development in the South End. Over half of these units are reserved for tenants over 55 years of age. Their houses are subsidized with project-based Chapter 707 funds.

Boston Aging Concerns began as a social service organization addressing the needs of elderly residents of the Back Bay, and soon realized that this population suffered from a severe shortage of affordable housing. The first SRO developed by Boston Aging Concerns was Shared Living House, a cooperative, intergenerational house in the Back Bay. Residents participate in shared meals, celebrate holidays together, and collaborate to help select new tenants. According to BAC-YOU's tenant manager, Shared Living House requires relatively little management, compared to its other houses.

The organization's three other SRO houses are less intensely communal than Shared Living House. Except for the 33-unit West Newton House, which recently hired a resident manager, BAC-YOU relies on tenant representatives from each house who work with the tenant manager. Tenants are required to attend monthly house meetings and to share cleaning and other household responsibilities. Most of their

residents have been referred from local homeless shelters, from hospitals, and by word of mouth.

Boston Aging Concerns helps its residents to obtain the social services they require. BAC-YOU's tenant manager finds that her tenants, many of whom have no families or have lost touch with them, need constant emotional support. BAC-YOU's match-up program provides personal companionship for its elderly residents, and the manager has even worked with one tenant to reunite him with his family in Texas.

### **Caritas Communities, Quincy**

Caritas is a private, non-profit organization established by a group of area businesspeople and a member of the clergy in 1985 to develop and manage affordable SRO housing for low income individuals in the greater Boston area. Caritas currently owns and operates five properties in Quincy and Boston. Caritas serves the housing needs of low income individuals who work at such low-paying jobs as cashiers, day care providers, secretaries, clerks. The typical tenant is over 35 years of age with a strong work history and low income.

Caritas has a strong management presence at all of its properties. Live-in managers attend to tenant concerns and maintenance needs at each property. In addition, full-time Caritas staff visit each property frequently. Caritas has very strict rules that prohibit the use of drugs and drunkenness at their properties. All Caritas properties are designed to blend in with the existing neighborhoods.

While the houses are not designed as communal residences, and tenants have significant concern about private space, there is tenant interaction especially at the older properties where long term tenants have established personal relationships. Caritas tenants tend to come from the neighborhood in which the property is located. However, Caritas conducts extensive outreach to shelters, social service agencies, churches, community groups, local employers, as well as advertising in local newspapers.

Three Caritas properties have project-based 707 certificates attached to them, which ensures that tenants pay no more than 25% of their income in rent. Two Caritas properties were funded through the Housing Innovations Fund (HIF) program. Tenants in these properties pay no more than 30% of their income in rent. Caritas recently refinanced all its properties with the Equitable Life Insurance Company.

Caritas plans to develop future SRO projects in Boston and surrounding suburban communities.



## **Housing Allowance Project (HAP), Springfield.**

New developments in SRO housing have not been limited to the Boston area. Western Massachusetts cities have also experienced a reduction in the number of SRO units and a rise in homelessness over the past decade. In Springfield, the Housing Allowance Project (HAP), a regional, non-profit housing organization, owns and manages a 20-unit SRO building. HAP bought the building, which was occupied, and renovated it under the Massachusetts Chapter 707 Moderate Rehabilitation Program.

HAP's tenants are mostly young, low-income men and women, and many have substance abuse problems. The building has no resident manager, but a part-time maintenance person and HAP staff supervise the house. Sometimes a resident assumes management responsibilities, such as cleaning. If a tenant has a crisis or other problem, HAP's Client Services will provide support and make referrals to service providers.

HAP has found that such problems as property destruction, unwanted guests and disturbance of other residents are their most common difficulties. They think that a resident manager would curtail these problems and keep maintenance costs lower than they are now.

The Housing Allowance Project has also been involved in the City of Northampton's SRO initiative. HAP has sent representatives to the Mayor's Task Force on SROs, and they prepared an extensive report for the City on Northampton's SRO stock.

## **Southern Middlesex Opportunity Council (SMOC), Framingham.**

The Southern Middlesex Opportunity Council (SMOC), a Community Action Agency based in Framingham, has more SRO units than any other non-profit developer in Massachusetts, with 223 units in fourteen houses in the Metro-West region. They became involved in SRO housing in 1987 because they felt that the housing needs of single people were not being adequately addressed.

Approximately half of SMOC's units are preserved houses, and half are new rooms in properties converted from commercial or other non-SRO uses. Their houses include two DMH houses with Chapter 707s, one and a half sober houses with 707s, one regular rooming house with 707s, and the rest are unsubsidized with rents at about \$65 a week. SMOC tries whenever possible to avoid the use of subsidies. In the past they have packaged deals that included state programs such as HUD McKinney Funds, Housing Abandonment, Weatherization, and Housing Innovations Fund, as well as bargain sales and below market-rate loans.

Approximately three-fourths of SMOC's tenants are low-income workers with minimum-wage jobs such as cleaning, pumping gas and day care work. Some are former shelter residents and prisoners as well as people who were formerly doubled up with friends and relatives. The agency offers nutrition, advocacy, mental health counseling, substance abuse, and other social service programs to which it can refer tenants



when necessary. SMOC runs an after-care program for formerly homeless tenants to ease the transition from the shelter to permanent housing.

Each house has a resident manager to clean the building and report tenant problems to SMOC's staff. SMOC also employs a full-time maintenance crew and tenant coordinators for its SRO properties. The agency tries to maintain a tenant-centered management style, with as much tenant responsibility and cooperation as possible. Monthly house meetings and shared cleaning responsibilities help to ensure that tenants participate in the upkeep of a successful SRO.

SMOC is now developing several new houses, and has begun to work with other SRO developers as a consultant and a property manager. The agency has begun to replace the network of lodging houses that existed in the Framingham area as a key preventive measure against homelessness among single individuals.

### **Paul Sullivan Trust, Boston.**

The Paul Sullivan Trust, a subsidiary of Boston's Pine Street Inn, has developed 11 lodging houses in Boston and Brookline for formerly homeless men and women. Their houses include one sober house and two for people with mental illness.

Each time they develop a house, Paul Sullivan holds extensive community meetings to ease the siting process. For one building in the South End that involved historical rehabilitation, local residents worked with the Trust to plan the rehabilitation process, to ensure that the facade would match the style of that neighborhood.

In Dorchester, residents were concerned about employment opportunities in the area. The Trust routinely hires someone from the neighborhood as a resident manager, providing a part-time job and a free apartment. Besides this commitment, the Trust allows neighbors to use the community space in the basement of its house on Washington Street. These agreements helped the Trust to site its buildings and ensured that the residents could integrate themselves into the community. Paul Sullivan's intensive management and maintenance of its houses helps neighbors to see that the Trust's properties do not fit their stereotypes of lodging houses and their residents.

The Trust employs a service coordinator, who works with each tenant to produce an individual service contract tailored to his or her needs. The contract ensures that tenants will obtain necessary drug and alcohol counseling, job training, therapy and other services, and staff help connect its tenants with the appropriate service providers. A live-in manager at each house, whose efforts are supplemented by staff from the Trust, tries to create a supportive, "family" environment for the tenants. Weekly house meetings keep tenants involved. Management is structured to accommodate a high degree of tenant involvement.

## **Models from Outside Massachusetts.**

Outside of Massachusetts, several cities around the country have embarked on successful SRO preservation and creation initiatives. New York, Chicago, Los Angeles, San Diego, and Portland, Oregon, all lost the majority of their SRO units and have faced severe housing shortages over the past two decades. Efforts in some of these cities are much larger-scale than in Boston or elsewhere in Massachusetts. Especially on the West Coast, single room occupancy buildings tend to be large, hotel-style residences, rather than the 10 or 20 unit structures common in Massachusetts.

### **Central City Concerned, Portland, Oregon**

In the late 1970's, this agency was created by state and local officials to organize social service delivery in the depressed "Old Town" section of Portland. Beginning in 1980, the agency began to lease and manage residential hotels. In addition to its housing programs, Central City Concerned also maintains a detox center for the city.

Currently, the agency owns, manages or leases 746 units of SRO housing in nine buildings, with 237 units in development. Some of their units have project-based Section 8 subsidies, and in others the Concern charges fair market rents of \$130-\$165 a month. Monthly leases help ease paperwork burdens on the resident managers. Their residences include 56 units of alcohol and drug-free housing for formerly homeless men and women, with round-the-clock management.

Each building has a resident manager and a building assistant living on the premises to take care of light maintenance, rent collection, and tenant problems. Tenants do not become heavily involved unless there is a problem with management. In one case, tenants protested a rule that barred overnight guests and contracted the local Legal Aid office to help them fight the rule. Eventually the tenants and Central City Concerned worked out a compromise, in which 10% of the tenants were allowed an overnight guest on any given night, and no one could have an overnight guest more than once each week.

### **Lakefront SRO, Chicago, Illinois**

In 1986, a group of people active in providing emergency housing for the homeless founded Lakefront SRO as a way to develop permanent housing for the single homeless people that they served. Seventy percent of Chicago's SRO stock had been lost over the preceding twenty years, contributing to the homeless population in the city. Lakefront SRO targets homeless and at-risk tenants for its buildings.

Lakefront SRO currently owns three buildings in three communities on Chicago's North Side. The 70-unit Harold Washington apartments have been renovated and running for a year. The corporation owns a vacant 86-unit former hotel, and has closed on the purchase of a third building with 69 units.



The Washington apartments have 24-hour desk coverage, but no resident manager. The corporation provides on-site social services for its tenants, with two people at each building to provide case management and referral to neighborhood agencies. Next year they will also employ a full-time substance abuse counselor.

With 10,000 unprotected units remaining in Chicago, Lakefront SRO devotes 25% of its time to advocacy and community education around preservation issues. The group has prepared a slideshow on the Washington Apartments and the building's tenants for presentations to community and church groups in the economically diverse neighborhood where the Washington Apartments are located.

### **The SRO Housing Corporation of Los Angeles, Los Angeles, California.**

In 1984, the Community Redevelopment Authority (CRA) of Los Angeles created the SRO Housing Corporation to purchase, rehabilitate and manage single room occupancy buildings in a 55-block section of Los Angeles known as Skid Row, which suffered from a severe homeless problem. The Corporation now owns 1,104 SRO units in 12 buildings, plus one syndicated building in which the SRO Housing Corporation is the managing general partner. Their houses include one sober hotel, one hotel for people with mental illness, and one residence for elders.

SRO Corporation's buildings are all unsubsidized. They charge tenants \$175-210 a month, depending on income level. The CRA provides them with funding to create internal subsidies on their units.

SRO Corporation targets formerly homeless people as its tenant group. The agency provides a range of social services to its tenants, including meals and case management for the elderly residents who occupy 25% of its units. They are currently working on funding for an employment training program for their residents.

Management in SRO Housing Corporation's buildings includes a resident manager and assistant managers in each hotel. Quarterly tenant meetings help staff and residents to keep up with problems in the house, and residents in some of the SROs have organized tenant councils. SRO Housing tries to create a sense of community in its buildings, with barbecues, holiday meals, trips to baseball games, and an annual talent show for its tenants.

As part of a broad effort to stabilize the Skid Row neighborhood, SRO Housing also has taken over several small parks formerly owned by the CRA. SRO Housing Corporation's staff have linked up with other groups that provide social services, counseling, nutrition and other help to local residents, and some of these service providers operate offices in the SRO Corporation's buildings. The SRO Corporation, with the backing of the City of Los Angeles, has become a strong, stabilizing force in this depressed area of the City.

Five years ago, almost none of these models existed. Since the mid-1980's, thousands of SRO units in cities across the United States have been preserved as permanently affordable housing for single



individuals with low incomes. But these remarkable efforts represent only the tip of the iceberg. Thousands of units remain in substandard condition and are at-risk of disappearing. Countless individuals remain homeless, double up with families and friends, pay 70-100% of their income for rent, or live in substandard housing. Without more money and support for private SRO owners who want to keep their housing decent and affordable, and for non-profit developers who want to preserve and create SRO units, SRO housing will continue to be at-risk of deteriorating and disappearing. The following section outlines a set of recommendations that can help prevent the further loss of SRO housing.

## **V. RECOMMENDATIONS**

CHAPA and the Coalition to Preserve Single Room Occupancy Buildings has prepared the following recommendations as a set of guidelines for policymakers and funders. With the current "soft" real estate market and moratorium on alteration and destruction of SRO properties, now is the ideal time to allocate resources to the preservation and creation of single room occupancy housing. Unless we remove the financial and regulatory obstacles that stand in the way of maintaining and augmenting the supply of SRO housing, we will lose the opportunity to provide this unique housing option.

**1. Funding.** SRO developers require a variety of public and private funds for all stages of their projects. Available funding for preservation, development and ongoing management expenses is necessary to make these projects happen.

**o Preservation and Development.** Non-profit SRO developers generally do not have a ready supply of capital to investigate and acquire buildings that come on the market. They face numerous costs before the project begins to break even, including downpayments, legal fees, insurance, and construction costs. They should be able to obtain loans and grants for these expenses quickly. Because single rooms have low rents, SRO projects have relatively little income and cannot carry much debt service. Therefore, SRO developers should also have access to below-market rate interest loans.

Massachusetts' Housing Innovations Fund (HIF) helps to subsidize development costs of SRO projects, but the defunding of the state's Housing Abandonment and the Weatherization Program means that fewer public dollars are available for SRO housing development. If we are to make single room occupancy housing a priority in Massachusetts, we should restore these programs and make them available to SRO developers. In addition, the State of Massachusetts should establish a program to fund construction and substantial rehabilitation with money from the housing bond bill.

**o Management.** The intensive management needs of SRO buildings mean that SRO developers and owners need to allocate a substantial amount of their operating expenses to management. They need to hire qualified managers and provide the necessary training and staff back-up in order to ensure that their houses are well-run. Developers and current owners need to receive appropriate support for this crucial component of a successful SRO development.

The Coalition to Preserve Single Room Occupancy Buildings and CHAPA are currently planning a series of property management training sessions for non-profit developers and managers of SRO housing. More support for these activities, both for non-profit and for-profit audiences, is needed to ensure high-quality management of SRO properties.

**2. Regulations.** Complicated and restrictive regulations that govern single room occupancy housing unnecessarily burden SRO owners and

developers with extra paperwork, expenses and siting difficulties. These obstacles, including licensing, zoning, special safety regulations, parking and other issues, should be removed or streamlined in order to encourage the preservation and creation of SRO properties. The State of Massachusetts should award subsidies to those localities that remove the regulatory barriers that impede SRO development.

o **Licensing.** SRO housing is the only form of rental housing on the market that is required to be licensed. The Coalition believes that licensing forces providers and owners to spend unnecessary money and staff time on obtaining licenses, and exposes them to potential neighborhood opposition, without providing any guarantee of quality. Licenses should not be a requirement to operate a lodging house. If lodging houses are to be inspected, those inspections need not be tied to the licensing requirements and can be conducted without licensing.

o **Zoning.** Zoning regulations should reflect the fact that SROs are permanent housing, not hotels. Currently, many cities and towns require developers to obtain special permits to develop SROs in residential neighborhoods. Zoning laws should be changed to allow SRO developments outside of commercial areas.

o **Safety Codes.** While safety concerns are often warranted, cities and towns should work with owners to help them bring their buildings up to code, rather than simply imposing extra costs on owners who do not have the money to meet requirements. Funds should be available from municipalities to help with expensive items such as sprinklers and new roofs.

o **Parking Requirements.** The number of parking spaces required for lodging house developments should reflect the low number of cars owned by lodging house residents.

**3. Rental Subsidies.** In order to encourage new SRO developments, guarantee long-term affordability in SRO projects, and serve very low-income tenants, SRO owners and developers need to have access to rental subsidies. For SRO projects to be viable, these subsidies are essential. The elimination of Chapter 707 Moderate Rehabilitation project-based certificates has cut off a key source of funding for SRO developers. Except for Section 8 money from the Stewart B. McKinney Act, federal project-based rental subsidies have also dried up. The State of Massachusetts should set aside a portion of available 707 certificates specifically for lodging houses. Without these subsidies, it is nearly impossible for non-profit developers to put together a financing package for a successful project.

Another way to increase the number of project-based subsidies is the local option for housing authorities to convert up to 15% percent of their floating Section 8 certificates to project-based. It may actually be cheaper for HUD to use the certificates this way for SROs. The Executive Office of Communities and Development should investigate the cost of using the certificates in this way, and local housing authorities should take advantage of this opportunity.



The SRO Coalition members, especially those who serve special populations such as the homeless, believe that numerical estimates of potential tenants by such entities as the Boston Housing Authority are much lower than the actual demand for single rooms. These authorities should keep separate lists of people waiting for single rooms. Housing authorities should also allow non-profit providers to assemble and maintain their own waiting lists, because providers will be most effective at locating their target populations. Furthermore, tenant-based 707 and Section 8 certificates should be available to current SRO dwellers to assist them in meeting rental obligations.

Finally, SRO tenants who have Section 8 or 707 subsidies pay the same percentage of their income, 30% or 25%, as do tenants who live in apartments. HUD and EOCED pay less rent money to SRO owners than to apartment owners, because market-rate SRO rents are lower than market-rate apartment rents. Residents of SROs should not have to pay the same amount of money for less housing. The Section 8 and 707 programs should require SRO tenants to pay 20% or 21% of their income in rent.

**4. Municipal support.** Local support for SRO development is vital. Municipal plans required by the passage of Chapter 671 afford local officials an opportunity to shape a strategy that addresses the SRO needs of their communities. Municipalities would be well advised to use this opportunity to fashion local plans that reflect local inventory and local concerns. Local officials and community development departments should encourage SRO creation and preservation by aggressively using Rental Rehabilitation, Community Development Block Grant and other monies to help non-profit and for-profit owners with SRO projects. The Executive Office of Communities and Development should use financial incentives such as subsidies to reward cities and towns that support SRO planning and development.

**5. Legislation.** The current moratorium on the alteration and conversion of SRO buildings represented the first step to prevent the disappearance of more SRO units in Massachusetts. The Coalition supports permanent legislation which would provide long-term preservation of SRO units.









